GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2208
ANSWERED ON:10.03.2006
LOAN FROM INTERNATIONAL FINANCIAL INSTITUTIONS
Krishnadas Shri N.N.

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has received number of proposals from various State Governments for seeking clearance for receiving loan from certain international financial institutions like Asian Development Bank, etc;

(b) if so, the details thereof;

(c) whether there is any new norms or directives made by the Union Government to receive loans from such international financial institutions; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL) :

(a) and (b) Details of the project proposals received from the various State Governments through line Ministries/ Departments for foreign loan assistance from various international financial institutions are given in the enclosed statement.

(c) and (d) The Union Government receives the foreign loan assistance as per the standard terms and conditions of the development partners and till 31st March, 2005, it was being released to the State Governments by the Union Government as Additional Central Assistance (ACA). Government of India has accepted the recommendation of the 12th Finance Commission to pass on external assistance on the same terms and conditions on which it was received. The service cost and exchange fluctuations would also be passed on to the States under this arrangement. Accordingly, in case of new projects signed on or after April 1, 2005, the external assistance will be passed on `back to back1 basis. However, it has been decided to continue with the earlier arrangements for ongoing projects as on 31st March, 2005. Further release to such projects will continue to be provided in the form of ACA. The Government of India has also issued revised guidelines on 24th October, 2005 providing for analysis of debt sustainability of States for availing external assistance for development and structural adjustment purposes.